

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204



L. JOYCE HAMPERG
COMMISSIONER

December 4, 1981

("Company") is engaged in the business of modifying vehicles, especially vans, for use in transporting handicapped people. The vehicles are modified by installing wheelchair lifts, power seats, hand controls, and extended roofs. No separate charge is made for installation of the equipment. You inquire whether the modification of vehicles for use by the handicapped is subject to the Massachusetts sales tax. You also inquire whether the sale of modified vehicles is subject to the sales tax.

Massachusetts General Laws Chapter 64H, Section 2 imposes a tax on sales at retail of tangible personal property in Massachusetts. Chapter 64H, Section 1(14) provides that, in determining the sales price on which the tax is based, no deduction shall be taken on account of the cost of materials used, or labor or service costs; it also provides that the sales price includes any amount paid for any services that are a part of the sale.

Section 1(14)(c) of Chapter 64H provides that in determining the "sales price", there shall be excluded "the amount charged for labor or services rendered in installing or applying the property sold."

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General Laws Chapter 64H, Section 6(u) exempts from sales tax the

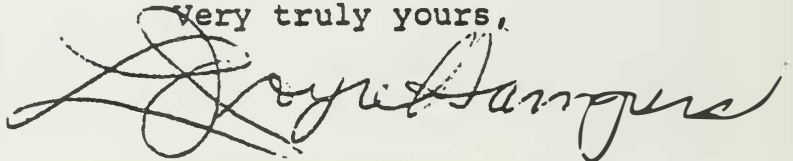
"sale of a motor vehicle purchased by and for the use of a person who has suffered loss, or permanent loss of use of, both legs or both arms or one leg and one arm. This exemption shall apply to one motor vehicle only owned and registered for the personal, noncommercial use of such person."

Based on the foregoing, it is ruled that:

1. The Company's charges for modifying vehicles for use by handicapped persons are subject to the sales tax.

2. Sales of modified vehicles for use by the handicapped are subject to the sales tax, except where the vehicle is purchased by and for the use of a person who has suffered loss, or permanent loss of use of, both legs, both arms, or one leg and one arm. This exemption applies to one vehicle only, owned and registered for the personal, noncommercial use of such person.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Roy L. Langens", written in a cursive style.

Commissioner of Revenue

LJH:JD:mf

LR 81-105